

COMPANY NO: 04683428

ATLANTIC EQUITIES SERVICE COMPANY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

◆ *Year ended 31 March 2015* ◆

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ATLANTIC EQUITIES SERVICE COMPANY LIMITED

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COMPANY INFORMATION

Directors	Rupert Della-Porta Christopher Middleton
Registered office	20-22 Bedford Row London WC1R 4JS
Registered number	04683428
Auditor	Grant Thornton UK LLP Chartered Accountants and Statutory Auditor 30 Finsbury Square London EC2P 2YU
Bankers	Coutts & Co 188 Fleet Street London EC4A 2HT

STRATEGIC REPORT

Business overview

Atlantic Equities Service Company Limited (“the company”) provides management services to its parent undertaking, Atlantic Equities LLP (“the LLP”) in support of the LLP’s business as an independent investment research broker.

The company is the corporate member and wholly owned subsidiary of the LLP.

The board of directors is responsible for the overall stewardship of the company.

The company’s performance for the year and future outlook are contained in the Report of the Directors on page 3 which forms part of the Strategic Report.

Principal risks and uncertainties

The company provides management services to the LLP and as such is indirectly exposed to the risks and uncertainties faced by the LLP as described below:

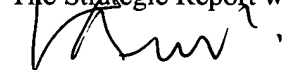
- Loss of reputation – if the research product is of poor quality or lacks coverage, the LLP risks losing its reputation;
- Regulatory – as a regulated business in the UK, breach of regulatory rules may lead to sanctions by the Financial Conduct Authority, and new regulations may impose undue pressure on the company’s infrastructure;
- Operational – failure of its operational systems or those of third party service providers may disrupt the company’s ability to provide its services;
- Financial – inadequate controls or policies could lead to misappropriation of assets and failure to comply with accounting standards and related regulations;
- Foreign exchange risk – the company is exposed to foreign exchange risk as evidenced by its creditor balances, some of which are denominated in foreign currency;
- Credit – the company is exposed to the LLP and holds cash with Coutts & Co bank, a wholly owned subsidiary of the Royal Bank of Scotland; and
- Liquidity – cash is insufficient for the company to meet its obligations associated with financial liabilities.

The directors seek to mitigate and manage each of these risks, and limit the adverse effects on the financial performance of the company, by formally reviewing all risks and establishing appropriate procedures and controls. Where the company requires debt finance to ensure that there are available funds for operations, funding is obtained from the LLP. The financial and regulatory compliance functions are outsourced to a third party provider thus offering a degree of independence during the process of control.

Key performance indicators

The level of turnover that the company earns from the LLP is its key performance indicator. For the year ended 31 March 2015 the company had a turnover of approximately £5.7m (2014: £6.5m) representing an 11% decrease and reflecting a fall in the demand for its services in difficult markets.

The Strategic Report was approved by the Board on 30 June 2015 and was signed on its behalf by:



Rupert Della-Porta
Director
30 June 2015

REPORT OF THE DIRECTORS

The directors present their report and audited financial statements for the year ended 31 March 2015.

Principal activities

The principal activity of the company is the provision of management services to Atlantic Equities LLP (the "LLP").

Results and dividends

In September 2014 in order to reduce costs, the company resolved to close its wholly owned subsidiary, Atlantic Equities (US) Inc ("AEUS"), a company incorporated in the United States. Dissolution of AEUS was approved by the US authorities effective 28 February 2015 resulting in a profit of £420 on closure of operations.

The profit for the year after tax amounted to £146,743 (2014: £173,978).

The company continues to provide management services to the LLP and during the year received £5,693,643 (2014: £6,421,050) to cover its expenses in carrying on the business of the LLP. In addition the company received from the LLP a profit allocation of £Nil (2014: £50,000).

During the year no interim dividend was paid (2014: £Nil). The directors do not propose to pay a final dividend (2014: £Nil).

Future developments

The company now plans to expand operations in continental Europe. The directors expect continued profitability during the forthcoming year.

Principal risks and uncertainties

All principal risks are described in the Strategic Report on page 2.

Directors and their interests

The directors of the company at 31 March 2015 are set out on page 1 and held office throughout the year unless otherwise stated.

During the period, rights to subscribe for shares in the company have not been granted to, or exercised by, any director or member of his immediate family.

REPORT OF THE DIRECTORS (CONTINUED)

Directors' responsibilities

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume the company will continue in business.

The directors are responsible for keeping adequate records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that:

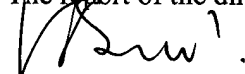
- so far as each director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditor

Grant Thornton UK LLP have indicated their willingness to continue in office as auditor. A resolution concerning their reappointment will be proposed at the annual general meeting.

The report of the directors was approved by the Board on 30 June 2015 and signed on its behalf by:



Rupert Della-Porta
Director

**REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF
ATLANTIC EQUITIES SERVICE COMPANY LIMITED**

We have audited the financial statements of Atlantic Equities Service Company Limited for the year ended 31 March 2015 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2015 and of the company's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

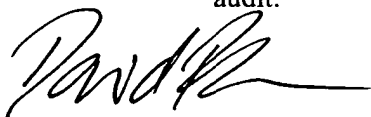
In our opinion the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

**REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF
ATLANTIC EQUITIES SERVICE COMPANY LIMITED
(continued)**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



David Pearson
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London, England

30 June 2015

ATLANTIC EQUITIES SERVICE COMPANY LIMITED

PROFIT AND LOSS ACCOUNT
for the year ended 31 March 2015

	Note	Year ended 31 March 2015 £	Year ended 31 March 2014 £
Turnover	1 & 2	5,693,643	6,471,050
Administrative expenses		<u>(5,527,072)</u>	<u>(6,227,032)</u>
Operating profit	3	166,571	244,018
Gain on disposal of discontinued operations		420	-
Dividends receivable		23,318	-
Bank interest receivable		242	202
Bank interest payable		<u>-</u>	<u>(6,997)</u>
Profit on ordinary activities before taxation		190,551	237,223
Taxation	6	<u>(43,808)</u>	<u>(63,245)</u>
Profit for the financial year after taxation	13	<u>146,743</u>	<u>173,978</u>

All of the above results of the company arose from continuing operations.

The company had no recognised gains or losses other than the profit for the financial year.

The notes on pages 10 to 16 form part of these financial statements.

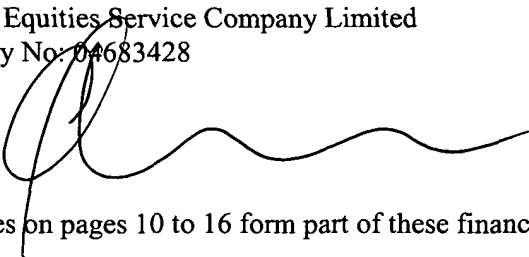
ATLANTIC EQUITIES SERVICE COMPANY LIMITED

**BALANCE SHEET
at 31 March 2015**

	Note	Company 31 March 2015 £	Company 31 March 2014 £
Fixed assets			
Tangible assets	7	38,282	62,850
Investments	8	-	600
		<u>38,282</u>	<u>63,450</u>
Current assets			
Debtors	9	1,054,852	770,710
Cash at bank and in hand		<u>221,922</u>	<u>198,980</u>
		1,276,774	969,690
Creditors: Amounts falling due within one year	10	<u>(924,337)</u>	<u>(784,520)</u>
Net current assets/(liabilities)		352,437	185,170
Total assets less current liabilities		390,719	248,620
Provisions for liabilities and charges	11	<u>-</u>	<u>(4,644)</u>
Net assets		<u>390,719</u>	<u>243,976</u>
Capital and reserves			
Called up share capital	12	640,000	640,000
Profit and loss account	13	<u>(249,281)</u>	<u>(396,024)</u>
Shareholder's funds	14	<u>390,719</u>	<u>243,976</u>

The financial statements were approved by the Board on 30 June 2015 and signed on its behalf by:

Christopher Middleton
Director
Atlantic Equities Service Company Limited
Company No: 04683428



The notes on pages 10 to 16 form part of these financial statements.

CASH FLOW STATEMENT
for the year ended 31 March 2015

	Note	Year ended 31 March 2015 £	Year ended 31 March 2014 £
Net cash inflow/(outflow) from operating activities	15	281,251	(1,488,444)
Returns on investment and servicing of finance			
Interest received		242	202
Interest paid		-	(6,997)
		<u>242</u>	<u>(6,795)</u>
Taxation paid		(67,785)	(107,302)
Capital expenditure			
Purchase of tangible fixed assets		(10,368)	(18,825)
Acquisitions and Disposals			
Proceeds from sale of investments		<u>1,020</u>	<u>76,972</u>
		<u>1,020</u>	<u>76,972</u>
Dividends received		23,318	-
Financing			
Repayment of loan from Atlantic Equities LLC		-	27,672
(Advance)/repayment of loan to/from Atlantic Equities LLP		(340,952)	1,655,694
Repayment/(advance) of loan from/to Atlantic Equities (US) Inc		<u>112,627</u>	<u>(18,177)</u>
		<u>(228,325)</u>	<u>1,665,189</u>
(Decrease)/increase in cash	16	<u>(647)</u>	<u>120,795</u>
Reconciliation of net cash flow to movement in net funds:			
(Decrease)/increase in cash in the year (as above)		(647)	102,795
Foreign exchange differences		<u>23,589</u>	<u>(20,517)</u>
Movement in net funds in the year		22,942	100,278
Net funds at 1 April 2014		<u>198,980</u>	<u>98,702</u>
Net funds at 31 March 2015	16	<u>221,922</u>	<u>198,980</u>

The notes on pages 10 to 16 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements are prepared on a going concern basis in accordance with applicable UK accounting standards under the historical cost convention. As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the company has not been separately presented in the financial statements.

Provisions

Where the incident of a liability which has been incurred is uncertain, a provision is made of the estimated liability incurred at the balance sheet date.

Turnover

Turnover comprises a reimbursement of expenses incurred on behalf of Atlantic Equities LLP ("the LLP"), a partnership of which the company is a corporate member, and is accounted for on the accruals basis (see note 2).

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Assets and liabilities denominated in foreign currency are translated into sterling at the rates of exchange ruling at 31 March 2015. Exchange differences are taken to the profit and loss account.

Depreciation

Depreciation is provided on a straight line basis to allocate the cost, less estimated residual value, of the tangible fixed assets over their estimated useful lives:-

Office equipment	-	3 years
Computer equipment	-	3 years
Leasehold improvements	-	5 years

Where there is evidence of impairment, fixed assets are written down to their recoverable amount. Any such write down would be charged to operating profit.

Leased Assets

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the period of the leases.

Taxation

The payment of taxation is deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Full provision for deferred taxation is made under the liability method, without discounting, on all timing differences that have arisen, but not reversed by the balance sheet date, unless such provision is not permitted by Financial Reporting Standard 19.

2. TURNOVER

The turnover for the period is attributable to service management fees received to cover expenses incurred in the operational support of Atlantic Equities LLP ("the LLP").

3. OPERATING PROFIT

	Year ended 31 March 2015 £	Year ended 31 March 2014 £
The operating profit is stated after charging:		
Auditor's remuneration –		
Fees payable to the company's auditor for the audit of the annual financial statements of the company	11,200	11,000
Fees payable to the company's auditor and its associates for other services:		
– other services relating to taxation	9,820	23,918
Operating lease rentals – property	221,764	219,264
Depreciation	34,936	44,611
Foreign exchange differences	(23,589)	20,517

4. DIRECTORS' REMUNERATION

	Year ended 31 March 2015 £	Year ended 31 March 2014 £
Emoluments	-	32,500
	-	32,500

5. STAFF COSTS

	Year ended 31 March 2015 £	Year ended 31 March 2014 £
Wages and salaries	2,841,535	3,055,416
Social security costs	341,316	341,719
	3,182,851	3,397,135
The average monthly number of employees and directors was as follows:	No.	No.
Directors	2	2
Others	17	32
Office and management	19	34

6. TAXATION

	Year ended 31 March 2015 £	Year ended 31 March 2014 £
UK corporation tax at 21% (2014: 23%)	<u>48,676</u>	<u>67,785</u>
Tax charge in respect of current year	48,676	67,785
Prior year adjustments	-	(224)
Deferred tax	<u>(4,868)</u>	<u>(4,316)</u>
	<u>43,808</u>	<u>63,245</u>

The current taxation charge for the year is different from the rate of corporation tax in the UK (21%) (2014: 23%). The differences are explained below.

	Year ended 31 March 2015 £	Year ended 31 March 2014 £
Profit on ordinary activities before taxation	<u>190,551</u>	<u>237,223</u>
Theoretical tax at UK corporation tax rate of 21% (2014: 23%)	40,016	54,561
Effects of:		
- Depreciation in excess of capital allowances	3,619	3,874
- Other expenditure which is not tax deductible	11,065	10,843
- Non taxable income	(5,187)	-
- Adjustment to LLP profit allocation	291	-
- Marginal relief	(1,098)	(1,491)
- Taxable gain in excess of accounting gain	(30)	-
- Other adjustment	<u>-</u>	<u>(2)</u>
Actual current tax charge	<u>48,676</u>	<u>67,785</u>

ATLANTIC EQUITIES SERVICE COMPANY LIMITED

7. FIXED ASSETS

	Office Equipment £	Computer Equipment £	Leasehold Improvements £	Total £
Cost:				
At 1 April 2014	109,596	276,420	101,969	487,985
Additions	761	9,607	-	10,368
At 31 March 2015	110,357	286,027	101,969	498,353
Depreciation:				
At 1 April 2014	107,961	252,659	64,515	425,135
Charge for the year	970	13,572	20,394	34,936
At 31 March 2015	108,931	266,231	84,909	460,071
Net book value:				
At 31 March 2015	1,426	19,796	17,060	38,282
At 31 March 2014	1,635	23,761	37,454	62,850

8. INVESTMENTS

	£
At 1 April 2014	600
Disposals	(600)
At 31 March 2015	-

The disposal relates to the company's former wholly owned subsidiary, Atlantic Equities (US) Inc ("AEUS"), which was carried at cost. AEUS discontinued operations during the year ended 31 March 2015 and filed articles of dissolution in February 2015.

9. DEBTORS

	31 March 2015 £	31 March 2014 £
Other debtors	27,434	9,071
Prepayments and accrued Income	128,590	97,382
Amounts due from Atlantic Equities LLP	685,279	344,327
Amounts due from Atlantic Equities (US) Inc	-	112,627
Recoverable VAT	64,687	55,053
Deferred tax asset (note 11)	224	-
Amounts falling due within one year	906,214	618,460
Amounts falling due after more than one year:		
Rent deposit	148,638	152,250
	1,054,852	770,710

ATLANTIC EQUITIES SERVICE COMPANY LIMITED

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 March 2015 £	31 March 2014 £
Trade creditors	45,406	82,846
Other creditors	46,000	-
Corporation tax payable	48,676	67,785
Other taxes & social security	64,193	44,847
Accruals	<u>720,062</u>	<u>589,042</u>
	<u>924,337</u>	<u>784,520</u>

11. DEFERRED TAX ASSET/(LIABILITY)

	Year ended 31 March 2015 £	Year ended 31 March 2014 £
Deferred taxation provided:		
Accelerated capital allowances	<u>224</u>	<u>(4,644)</u>

The movement in accelerated capital allowances is as follows:

At 1 April 2014	(4,644)	(8,960)
Movement	<u>4,868</u>	<u>4,316</u>
At 31 March 2015	<u>224</u>	<u>(4,644)</u>

Deferred tax has been provided at 20% (2014: 21%), the company's current rate of corporation tax, because of uncertainty as to the average rate of tax that will apply when the underlying timing differences will reverse.

12. CALLED UP SHARE CAPITAL

Company	31 March 2015 £	31 March 2014 £
Allotted -		
640,000 ordinary shares of £1 (2014: 640,000)	<u>640,000</u>	<u>640,000</u>
Called up and fully paid -		
640,000 ordinary shares of £1 (2014: 640,000)	<u>640,000</u>	<u>640,000</u>

ATLANTIC EQUITIES SERVICE COMPANY LIMITED

13. RESERVES

	Profit and loss account £
At 1 April 2014	(396,024)
Profit for the financial year after tax	<u>146,743</u>
At 31 March 2015	<u>(249,281)</u>

14. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	Year ended 31 March 2015 £	Year ended 31 March 2014 £
Opening shareholders' funds	243,976	69,998
Profit for the financial year after tax	<u>146,743</u>	<u>173,978</u>
Closing shareholders' funds	<u>390,719</u>	<u>243,976</u>

15. RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES

	Year ended 31 March 2015 £	Year ended 31 March 2014 £
Operating profit	166,571	244,018
Depreciation	34,936	44,612
(Increase)/decrease in debtors	(55,593)	47,533
Increase/(decrease) in creditors	158,926	(1,845,124)
Foreign exchange differences	<u>(23,589)</u>	<u>20,517</u>
Net cash inflow/(outflow) from operating activities	<u>281,251</u>	<u>(1,488,444)</u>

16. ANALYSIS OF NET FUNDS

	At 1 April 2015 £	Cash outflow £	Non-cash movement £	At 31 March 2015 £
Net cash				
Cash at bank and in hand	198,980	(647)	23,589	<u>221,922</u>
Net funds	<u>198,980</u>	<u>(647)</u>	<u>23,589</u>	<u>221,922</u>

17. FINANCIAL COMMITMENTS – OPERATING LEASES

As at 31 March 2015 the company had annual commitments under operating leases as follows:

	31 March 2015 £	31 March 2014 £
Land and buildings: leases expiring:		
Between 5 and 10 years	<u>253,000</u>	<u>253,000</u>
	<u>253,000</u>	<u>253,000</u>

18. RELATED PARTY TRANSACTIONS

Atlantic Equities Service Company Limited (“AE Limited”) is the corporate member of Atlantic Equities LLP (the “LLP”). During the year the LLP paid AE Limited service management fees of £5,693,643 (2014: £6,421,050) to cover expenses incurred in the operational support of the LLP. AE Limited received no profit allocation from the LLP (2014: £50,000). At 31 March 2015 the LLP owed the company £685,279 (2014: £344,327).

19. CONTROLLING PARTIES

The members of Atlantic Equities LLP are the ultimate controlling parties of the company. There is no single controlling party of the company.